

# Lombardy

Lombardy is an emerging centre for services and technology in Italy. As the country's top exporter, its industries used to be focused on heavy industry. Now, however, Lombardy is developing new strengths in the design, engineering consultancy and financial services sectors and in certain high technology areas such as telecommunications. The area has become an important centre for R&D.

Lombardy was designated as a distinct region on June 7, 1970. It has an area of 23,834 km<sup>2</sup>. The last census, in 1986, recorded a population of 8,874,635, or more than 15% of Italy's total. Lombardy has the largest population of any region in Italy and the third largest in Europe after London and Paris. Its total population is comparable to that of Belgium, Greece, Sweden, Austria, or Portugal.

Lombardy is also the wealthiest region in Italy. In Milan, the region's major city, the value added to factor cost per capita was \$16,960. For the region as a whole it was \$16,365 — while Italy's was only \$12,254.

In 1989, Lombardy had a workforce of 3,716,000 or 17.7% of the Italian total. Estimates place unemployment at between 5% and 7%, which is especially low when compared to a national Italian unemployment rate of 12%.

## Structure

Lombardy is the economic powerhouse of Italy. Its total GDP comes to \$166 billion or more than 20% of the total GDP for the country and more than twice the GDP of Piedmont or of Emilia-Romagna.

The region's economy is currently in transition. Once heavily focused on the chemical/petrochemical and mechanical industries, it is now shifting toward the services sectors. The service sector accounts for 58% of the region's value-added at factor costs, while industry accounts for 40% and agriculture 2%.

The first European banks to be created in the Middle Ages were Lombard so it is no surprise that Milan is Italy's

## Lombardy: A Major Trading Region, 1989

	Imports		Exports	
	Value (\$)	(%)	Value (\$)	(%)
Lombardy	54,915.9	36.8	42,532.4	30.8
Piedmont	17,087.3	11.4	20,454.1	14.8
Emilia-Romagna	10,085.99	6.8	14,967.1	10.8
Italy	149,411.2	100.0	138,078.9	100.0

Source: ISTAT, 1990.

undisputed financial centre. Italy's stock exchange, most of the major banks and over 40 foreign banks are headquartered there.

Like Emilia-Romagna, Lombardy has a high concentration of small but technologically-intensive firms. But while Emilia-Romagna's SMEs are focused on machine tools, textiles and clothing, SMEs in the Milanese area are heavily concentrated in sectors such as software, systems integration and other areas related to information technology. In 1986, 46.2% of employees worked in firms with less than 20 employees.

## Infrastructure and capabilities

Lombardy spends more of its resources on R&D than does any other region in Italy. In 1987, the region spent \$2.2 million on R&D, accounting for 28.2% of total Italian R&D expenditures. Of that, 4.5% went to basic research, 57.4% to applied research and 38% to development. Neighbouring Piedmont accounts for another 21.5% of Italian R&D, thus adding to the density of the area's R&D activities. However, the private sector contributed more to R&D spending in Lombardy than it did in Piedmont. Corporations accounted for 35.3% of the total in Lombardy, as compared to 28.2% in Piedmont.

## Lombardy is the Economic Powerhouse of Italy

	Total GDP \$	Region as % of total	Per inhabitant \$	Index
Piedmont	72.23	8.9	16.48	116.2
<b>Lombardy</b>	<b>166.15</b>	<b>20.4</b>	<b>18.71</b>	<b>131.9</b>
Emilia-Romagna	68.39	8.4	17.41	122.8
Italy	813.13	100.0	14.18	100.0

Source: ISTAT, 1990.